

Washington Horse Racing Commission
Meeting Minutes
February 14, 2014

The meeting convened at 9:30 A.M. Present were: Jeff Colliton, Chairman; Paul George, Commissioner; Dr. Everett Macomber, DVM, Commissioner; Sharon James, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Item #1. Approval of the meeting minutes of January 10, 2014.

Commissioner George moved to approve the minutes with changes on page 2 regarding pony riders coverage when not clearly employed by a trainer; Dr. Macomber asked for a correction on page 4 paragraph 4 regarding the discussion that the Lasix research having already been accomplished would not included in the medication discussions; and at the bottom of page 4 Dr. Macomber asked to clarify that the Flunixin positives were not thoroughbred positives; they resulted from the quarter horses tests.

With those changes made, Commissioner Macomber seconded the motion. Unanimously approved.

Item #2. Commissioners' report:

Chairman Colliton mentioned an article that appeared in western Washington on January 31 describing an award Mr. Ron Crockett received for his philanthropic efforts; the Paul Allen Sports Citizen award. Chairman Colliton congratulated Mr. Crockett for his significant contributions. Mr. Crockett acknowledged the congratulations and spoke on what an honor it was.

Dr. Macomber said he had nothing specific to report; but he had been reviewing the medication materials he'd received from Dr. Benson, RMTC.

Commissioner George reported the need for a meeting to be scheduled dealing with Sun Downs, Tri City Horse Racing Association and the Benton County Fair Board to bring some harmony between the county and fair board to allow the Association to use the fairgrounds facility during the Spring for their race meet. Commissioner George stated his intention was to grant 6 days of racing for the Sun Downs race meet and hopefully preserve live horse racing in eastern Washington. He said that no date had been set yet, but it would hopefully be soon.

Item #3. Industry Reports.

a. Emerald Downs.

Mr. Ron Crockett reported for Emerald Downs. He said without the Aqueduct signal, due to closure for adverse weather, it had really hurt the handle. Emerald Downs attendance is down 8.2%; the handle is down 5.9% down overall 4.8%. Purses generated were 12,837 per day off 4.8% matching the handle. Mr. Crockett passed out a sheet detailing a summary of the cash flow from opening in 1996 through December 2013 that shows a negative cash net of \$11,810,707.

Mr. Crockett said that Hastings Park in Canada isn't looking good. The talk is that they will only be open 23 to 30 days of racing for 2014.

Commissioner Macomber asked if there is evidence there are horses out there and not racing. Mary Ann O'Connell, Executive Director, WAHBPA said she didn't think so, they had also discussed this at their national meeting; but there is definitely a lack of horses racing nationwide and there are definitely less numbers of horses.

Mr. Crockett reported that the Kirkland satellite facility has had an upturn in attendance, which is good. The satellites appear to be holding their own at this time.

b. WA HBPA.

MaryAnn O'Connell reported that they are working on settling in the horsemen at Emerald Downs for the 2014 season and they are also changing the software on their database. Ms. O'Connell reported on her attendance at the national HBPA convention and said Dr. Benson had also attended. The Flunixin positives were discussed and the RMTC is now reconsidering a threshold; possibly a 24 hour to 36 hour threshold. Ms. O'Connell said they talked about five or six medications to add to the list of 24; the list of medications is fluid. Regarding the medication meeting, she said she is looking forward to the meeting with the Veterinarians. Ms. O'Connell said Texas horsemen came to the meeting which hasn't happened before, and they had good representation from California. She said racing is very much in jeopardy in Texas; all the money is going to neighboring states with gaming. Mr. Crockett said that the Texas horsemen get nothing from Advance Deposit Wagering (ADW) because they never approved them in Texas.

c. WTBOA.

Ms. Anne Sweet reported for Dana Halvorson who was unable to attend. She said they have been working on the annual awards banquet which is next Saturday, February 22nd; tickets are \$45 per person or \$80 per couple; she hopes everyone is able to attend. She said they are still accepting items for the silent auction.

Item. #4. Emerald Downs officials.

Doug Moore presented the WHRC officials and the Emerald Downs officials packet. Mr. Moore said the officials are the same as last year with the exception of a new Director of Security. Also enclosed in the Emerald Downs packet were the agreements between the WA HBPA and Emerald Downs and a request to conduct future wagering on the Kentucky Derby. Mr. Moore said staff was recommending approval.

Commissioner Macomber moved to approve the WHRC and Emerald Downs officials as presented and also approve the request for to take future wagers on the Kentucky Derby; the HBPA/Emerald Downs agreement.

Mr. Crockett said he also had received verbal approval from the Muckleshoot Tribe approving the request from Emerald Downs for their monetary contribution again this year to enhance the purse fund.

Commissioner George seconded the motion to approve.

Commissioner Macomber asked what was meant by "quick official". Mr. Crockett responded that this made the race official faster and was well received by the fans.

Unanimously approved.

Item #5. Sun Downs Dates request and officials.

Mr. Moore presented the application from Sun Downs; their request was for the last two weekends in April and the first weekend in May. All officials are same as last year. Also included in their packet was a request to simulcast the Kentucky Derby on May 3rd. Mr. Moore also said the Donohue fund is ready to go out and is only \$307 this year; the funds can be used for capital improvements.

Mr. Shorty Martin, Racing Secretary for Sun Downs distributed a list of demands that need to be complied with before they can take the race track over from the Fair Board for their meet. The Fair Board won't allow Tri City Horse Racing Association to have their own vendors for food and they are charging \$30 per horse for every horse on the grounds; listed as a clean up fee; along with specific instructions regarding the removal of the man bridge across the race track.

Mr. Moore asked Mr. Martin if a meeting with the Fair Board had been scheduled. Mr. Martin said they haven't been able to arrange anything yet. Mr. Moore said to let him know as soon as possible so Senator Hewitt could be informed.

Commissioner George said that he will be attending the Central WA State Fair meeting. He hopes to talk with Greg Stewart, General Manager, to see if they can assist with working with the Fair Board in Benton County.

Commissioner Macomber moved to approve the dates and officials for the 2014 Sun Downs race meet. Commissioner George seconded the motion. Unanimously approved.

Item #6. Split Sample list.

Mr. Moore presented the list for approval. Mr. Moore said this is the same as last year with the exception of the Texas lab; they never responded to our inquiry for pricing and have been removed. No comments were received from the WAHBPA. Commissioner Macomber asked about the costs. Mr. Moore said they are reviewed every year, but each lab always asks for a call first to make sure of the price before the sample is sent.

Commissioner Macomber moved to approve the split sample list for 2014. Commissioner George seconded the motion. Unanimously approved.

Item #7. Adoption hearings:

Mr. Moore presented the amendments for adoption.

- a. WAC 260-48 Mutuels. This section is being amended to define self-service devices and electronic vouchers to allow for the use of the "Smartphone application" while on the grounds of the association. Mr. Moore said he had worked closely with Sharon James, AAG to define language. No public comments received, staff recommends approval.

Commissioner Macomber asked how to access the application. Mr. Moore said patrons will use their cell phone to access the application and then be provided a Smartphone password that will allow them to set up an account. Mr. Bob Fraser, VP Operations explained the process for accessing the app and said this is available to wager only while on the grounds of the race track. These wagers will count as on

track money. Emerald Downs is receiving one hundred percent of the wagers that are placed on this app rather than if you use an ADW, a percentage is kept by the ADW firm. Mr. Fraser said this application will be helpful on high attendance days, patrons will be able to wager through their Smartphone and possibly won't be shut out at the mutuel windows. He said as an example; they can wager while in the paddock while viewing the horses.

Commissioner George moved to approve. Commissioner Macomber seconded the motion. Unanimously approved.

b. WAC 260-84-065 Licensees – Drug and alcohol penalties.

Mr. Moore said staff is proposing to amend WAC 260-84-065. In early 2013 this section was amended to deal with the legalization of recreational marijuana. It was discovered that the penalties were the same for use of legal substances such as alcohol and prescription medication violations as they were for illegal substances such as methamphetamine and cocaine. The amendments proposed increase the penalties for the use of illegal controlled substances. No public comments were received, staff recommends approval.

Commissioner Macomber moved to approve the amendments to WAC 260-84 Licensees - Drug and alcohol penalties. Commissioner George seconded the motion. Unanimously approved.

Item #8. Approval annual yearend report.

Mr. Moore presented the annual report for the WHRC for approval to forward to the office of the Governor. Chairman Colliton caught one change on page 4.

Commissioner Macomber moved to approve the 2014 WHRC yearend report with the correction on page 4. Commissioner George seconded the motion. Unanimously approved.

Item #9. Executive Secretary's report.

- a. Wagering recap. Mr. Moore reviewed the wagering recap for January 2014. He agreed with Mr. Crockett regarding the downturn being directly connected with the severe weather all over the country, resulting in no signals being sent.
- b. Monthly Financial Statement (December 2013). Mr. Moore reviewed the revenues and expenditures for December 2013. The WHRC fund balance is \$765,477.

Mr. Crockett inquired about projections on the fund balance and Mr. Moore said the WHRC is in good shape the only foreseeable expense may be replacing the necropsy truck. Mr. Crockett also asked about health care costs if there was going to be an expense there from the federal changes. Mr. Moore has not anticipated any major change from that possibly a three percent increase.

Item #10. Any other business that may be properly brought before the commission.

Mr. Martin said the winner of the AQHA challenge race finals in Los Alamitos had qualified at Emerald Downs.

Mr. Crockett reported a \$600 increase making the bottom purse to be \$6000 and he was also continuing with the starter bonus plus bonus for races over a mile.

Dr. Bud Hallowell mentioned the Breeders Awards Banquet, he said the equine art is worth bidding for. One of a kind sort of things. Well worth having.

Meeting adjourned. 10:49 A.M.

Douglas L. Moore, Executive Secretary

DLM:pb